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AICPA *Washington Report*

July 2, 1984, Volume XIII, Issue 19

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FEDERAL DEPOSIT INSURANCE CORPORATION

A proposed policy statement on the disclosure of bank and thrift information to "encourage depositors and other creditors to request information about the financial condition of depository institutions" has been issued by the Federal Deposit Insurance Corporation (FDIC) (see the 6/29/84 Fed. Reg., pp. 26809-11). The object, according to the FDIC, is to promote better informed decisions, and "more effective market discipline." The FDIC statement of policy is being issued to notify depositors and creditors of insured banks and thrifts of information that is publicly available and to encourage the public to use that information while making decisions regarding the placement of their funds. The statement also sets forth certain types of information which the FDIC believes would be relevant to these customers in their evaluation of bank or thrift condition and performance. The FDIC proposal discusses publicly available information and then states that it believes "it is appropriate for depositors and other creditors to periodically seek relevant information," including: reports of condition and income; the most recent Uniform Bank Performance Report for commercial banks and Savings Bank Performance Report; Country Exposure Information Report; and, information on any final administrative enforcement action or informal supervisory action. Comments regarding the proposed policy statement should be submitted to Hoyle L. Robinson, Executive Secretary, FDIC, 550 17th Street, N.W., Washington, D.C. For additional information contact Robert Storch at 202/389-4761.

FEDERAL RESERVE BOARD

Revisions to Regulation K, International Banking Operations, were proposed recently by the Federal Reserve Board (see the 6/25/84 Fed. Reg., pp. 26002-26012). The revisions, according to the Board, would mainly affect Subpart A of the regulation, dealing with activities of Edge Corporations in the United States (corporations chartered under Section 25(a) of the Federal Reserve Act to engage in international or foreign banking or other international or foreign operations). The objectives of the proposed revisions, the Board stated, are to ensure that Edge and Agreement Corporations are competitive in light of prevailing economic conditions and banking practices. The proposal, in part, offers for comment several alternatives that would expand the ability of Edge Corporations to provide services in the U.S. In addition, several changes are proposed to the investment, capitalization, and lending limit sections of Subpart A. Certain amendments to Subpart B concerning U.S. activities of foreign banking organizations are also proposed. Comments must be submitted by 9/12/84. For additional information contact Frederick R. Dahl at 202/452-2726.

SECURITIES AND EXCHANGE COMMISSION

Accountants and others knowledgeable in small business issues are being sought by the Commission to participate in the Third Annual Government-Business Forum on Small Business Capital Formation on 9/12-14/84 in Washington, D.C. (SEC News 6/22/84). The Forum, according to the SEC, is intended to provide an opportunity for small business persons, accountants, financial advisors, bankers, attorneys, venture capitalists, academics and others interested in small business or involved in providing capital for small business to speak directly with government regulators and each other. The Commission stated that its goal is to generate legislative and regulatory recommendations for Congress and government agencies which would improve the small business capital formation process. Topics to be discussed at

the Forum include taxation, state capital formation programs and raising capital through securities offerings. There will also be a special panel to address the effect of current and anticipated changes in the financial services industry on small business access to capital. The results of the Forum will be summarized in a report to Congress, and will also be presented to appropriate regulatory agencies. Persons wishing to apply for participation in the Forum or who desire additional information should contact Mary M. Jackley at 202/272-2644.

Notification of "targets" of subpoenas issued in SEC investigations has been reversed by the U.S. Supreme Court in a recent decision on 6/18/84. Prior to the reversal of the Ninth Circuit decision, the SEC adopted a procedure in the Matter of Transactions in Washington Public Power Supply System Securities of making copies of subpoenas issued in that investigation available for public review at its headquarters in its Seattle Regional Office. The procedure had been adopted because of the Ninth Circuit decision. According to the SEC, its normal practice is not to disclose subpoenas issued in its private investigations. In light of the Supreme Court decision, the SEC "will resume the use of normal procedures in this investigation and will no longer make subpoenas available for public review."

Misdirected filings are causing delays in the Commission's internal mail delivery system, announced the SEC recently (SEC News 6/22/84). The unauthorized practice of addressing filings or amendments to individual SEC employees, instead of to the Commission's filing desk, was cited as the major cause of the delay. Examples of such misdirected filings are preliminary proxies, 1934 Act periodic reports, and 1933 Act registration statements. Official filings to be made at the Commission's home office, as well as amendments thereto, should be addressed to the Securities and Exchange Commission, 450 Fifth Street, N.W., Attention: Filing Desk, Stop 1-4, Washington, D.C. 20549-1004. Correspondence or an extra copy of a time urgent filing may continue to be addressed to individual staff members. For additional information contact the SEC Public Affairs Office at 202/272-2650.

SMALL BUSINESS ADMINISTRATION

Legislation intended to improve the operation of the secondary market for loans guaranteed by the SBA was unanimously passed by the Senate Committee on Small Business on 6/20/84. The measure, S. 2375, which is also intended to make available new sources of capital for small businesses, was introduced by Sens. Lowell Weicker, Jr. (R-CT), Chairman of the Committee on Small Business, and Dale Bumpers (D-AR), Ranking Minority Member. "The passage of this legislation will mean that the secondary market for SBA guaranteed loans will be opened up to large investors and will be more efficiently managed than in the past," stated Weicker. "As a result, we hope to see an increased flow of capital to small businesses and further job creation." According to the Committee, the legislation would allow the SBA to combine, or "pool," guaranteed loans in large amounts, thereby attracting institutional investors to this new security. The measure would also mandate reforms in the existing market to ensure greater agency oversight and investor protection. Among other things, the bill would require all investors to receive full disclosure of basic investment information prior to the sale, and the SBA would be required to establish central registration of all loans sold and resold in the market. An identical measure, H.R. 4773, was approved by the House Committee on Small Business on 6/19/84, and will be considered by the full House on 6/25/84. For additional information contact Andy McLeod at 202/224-5175.

SPECIAL: STANLEY SPORKIN, CPA, NOMINATED TO FEDERAL JUDGESHIP

Stanley Sporkin, former Director of the SEC's Enforcement Division from 1974 to 1981 when he left to become the General Counsel of the Central Intelligence Agency, was nominated by President Reagan on 6/28/84 to be a judge on the U.S. District Court, Washington, D.C. Mr. Sporkin is a CPA and a member of the AICPA. Mr. Sporkin began his career with the SEC in 1961, serving in various legal capacities and rising to the position of SEC Enforcement Director in 1974. Among the numerous awards accorded to Mr. Sporkin was the President's Award for Distinguished Federal Service, the highest award of the Federal Civil Service, which he received in 1979. Upon his departure from the SEC on 5/18/81, acting SEC Chairman Philip A. Loomis, Jr. stated: "Stan Sporkin is a unique individual and the contribution he made to this agency, to the cause of investor protection and to the strength of capital markets, is beyond calculation. His career exemplifies the highest meaning of the term 'public service'...." Mr. Sporkin received his B.A. degree from Pennsylvania State University where he was elected to Phi Beta Kappa. He received his law degree from Yale. After confirmation by the U.S. Senate, Mr. Sporkin would fill a seat vacated earlier this year by Judge June L. Green.

For additional information, please contact Stephanie McCarthy, Gina Rosasco, Nick Nichols or Kathee Baker at 202/872-8190.

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